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District of Arizona*

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FORMER FEDERAL EMPLOYEES AND ACCOMPLICE SENTENCED IN \$390,000 KICKBACK SCHEME

PHOENIX - Three former employees of the Department of Energy's Western Area Power Administration at the Desert Southwest Regional Office in Phoenix (WAPA-DSW) and an outside accomplice were sentenced late yesterday by U.S. District Judge Mary H. Murguia for conspiracy to pay and accept gratuities in exchange for assistance in procuring a federal contract to provide temporary electrical power dispatchers.

In the course of determining the defendants' sentences, Judge Murguia noted that the scheme resulted in the payment of a considerable amount of money in kickbacks, corrupted the government's process of letting contracts and violated the public's trust in their government.

Defendant	Employment	Sentence
Ernesto A. Sanchez 45, Glendale, Ariz.	Micro Business Technology (MBTech) – Owner	5 months in prison as a condition of 5 years of probation along with \$40,864.01 in restitution
Donald E. Bragg 68, Avondale, Ariz.	A former WAPA-DSW employee	4 months in prison, 4 months house arrest and \$79,958.91 in restitution
Michael S. Craig 38, Phoenix	A former WAPA-DSW employee	1 month in prison, \$66,450 in restitution and 100 hours of community service
Charles W. Hornburg 55, Camp Verde, Ariz.	A former WAPA-DSW employee	5 years probation and \$79,619.95 in restitution

In the course of their guilty pleas, the defendants admitted that Craig, Bragg and Hornburg previously worked together at WAPA-DSW, which through its power dispatchers, delivers hydroelectric power throughout the western United States. Each former employee admitted that he participated in a kickback scheme and illegally assisted Sanchez in procuring or fulfilling a one-year contract to provide temporary dispatchers for WAPA-DSW through Sanchez' company, MB Tech.

They collectively admitted that Craig informed Sanchez of an impending need for extra dispatchers. Bragg assisted MBTech in the contract application process and Hornburg provided guidance and expertise which allowed MBTech to obtain and satisfy the contract. During the 20 months following the approval and execution of the contract, Sanchez paid out more than \$390,000 in illegal kickbacks and compensation to the members of the scheme. At sentencing, Judge Murguia

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ordered each defendant to individually repay the money each of them had illegally received from WAPA-DSW through MBTech less any money previously paid to the government as income tax.

The investigation of this case was conducted by the Department of Energy, Office of the Inspector General and the Federal Bureau of Investigation. The prosecution was handled by Gary M. Restaino and Frederick A. Battista, Assistant U.S. Attorneys, District of Arizona, Phoenix.

CASE NUMBER: CR-06-664-PHX-MHM
RELEASE NUMBER: 2008-006(Sanchez et.al.)

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